



QUARTERLY STATEMENT

AS OF MARCH 31, 2008

OF THE CONDITION AND AFFAIRS OF THE

Physicians Health Plan of Mid-Michigan FamilyCare

NAIC Group Code 3408 (Current Period), 3408 (Prior Period) NAIC Company Code 11537 Employer's ID Number 36-4497604

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life Accident and Health [ ], Dental Service Corporation [ ], Health Maintenance Organization [X] Property/Casualty [ ], Vision Service Corporation [ ], Is HMO Federally Qualified? Yes ( ) No (X) Hospital, Medical and Dental Service or Indemnity [ ], Other [ ]

Incorporated/Organized May 23, 2002 Commenced Business January 1, 2003

Statutory Home Office 1400 E Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1400 E Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number)

Mail Address PO Box 30377, Lansing, Michigan 48909 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1400 E Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number)

Internet Website Address www.phpmm.org

Statutory Statement Contact Jackie Eddy (Name) 517-364-8400 (Area Code) (Telephone Number) (Extension) jackie.eddy@phpmm.org (E-Mail Address) 517-364-8407 (Fax Number)

OFFICERS

Scott Wilkerson (President) David Vis (Assistant Secretary) Chris Bergman (Treasurer) Randy Rifkin (Secretary)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Marylee Davis, PhD Scott Wilkerson Jeannie Hudson

State of Michigan } SS County of Ingham }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Scott Wilkerson President Chris Bergman Treasurer David Vis Assistant Secretary

Subscribed and sworn to before me this day of a. Is this an original filing? Yes (X) No ( ) b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Col. 1 minus Col. 2)	Prior Year Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	4,163,387		4,163,387	4,159,533
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 8,031,699 ), cash equivalents (\$ ) and short-term investments (\$ 1,141,769 )	9,173,468		9,173,468	8,769,605
6. Contract loans (including \$ premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 to Line 9)	13,336,855		13,336,855	12,929,138
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	21,698		21,698	31,738
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	33,220		33,220	63,840
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ )				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	127,393	127,393		2,997,593
22. Health care (\$ 529,261 ) and other amounts receivable	583,139	35,136	548,003	453,241
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	14,102,305	162,529	13,939,776	16,475,550
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	14,102,305	162,529	13,939,776	16,475,550
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	5,042,789		5,042,789	5,196,262
2. Accrued medical incentive pool and bonus amounts .....	246,527		246,527	202,968
3. Unpaid claims adjustment expenses .....	254,986		254,986	234,523
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	729,516		729,516	670,972
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent , subsidiaries and affiliates .....	916,075		916,075	3,524,519
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....				
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	7,189,893		7,189,893	9,829,244
23. Aggregate write-ins for special surplus funds .....	XXX	XXX		
24. Common capital stock .....	XXX	XXX		
25. Preferred capital stock .....	XXX	XXX		
26. Gross paid in and contributed surplus .....	XXX	XXX		
27. Surplus notes .....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
29. Unassigned funds (surplus) .....	XXX	XXX	6,749,884	6,646,306
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... ) .....	XXX	XXX		
30.2 ..... shares preferred (value included in Line 25 \$ ..... ) .....	XXX	XXX		
31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....	XXX	XXX	6,749,884	6,646,306
32. Total Liabilities, capital and surplus (Line 22 and Line 31) .....	XXX	XXX	13,939,777	16,475,550
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	XXX	XXX		
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX		
2899. Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	49,357	51,059	200,397
2. Net premium income (including \$ ..... non-health premium income) .....	X X X	11,312,320	10,703,008	41,976,927
3. Change in unearned premium reserves and reserve for rate credits .....	X X X			
4. Fee-for-service (net of \$ ..... medical expenses) .....	X X X			
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X	(665,587)	(2,467,641)	(2,629,146)
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Line 2 to Line 7) .....	X X X	10,646,733	8,235,367	39,347,781
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		6,140,085	4,818,130	23,024,579
10. Other professional services .....		720,036	442,885	2,700,047
11. Outside referrals .....				
12. Emergency room and out-of-area .....		729,304	221,283	2,734,803
13. Prescription drugs .....		1,716,161	1,556,672	6,367,877
14. Aggregate write-ins for other hospital and medical .....		72,936	79,526	372,740
15. Incentive pool, withhold adjustments and bonus amounts .....		263,926	13,192	260,334
16. Subtotal (Line 9 to Line 15) .....		9,642,448	7,131,688	35,460,380
<b>Less:</b>				
17. Net reinsurance recoveries .....				
18. Total hospital and medical (Line 16 minus Line 17) .....		9,642,448	7,131,688	35,460,380
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$ ..... 90,352 cost containment expenses .....		282,646	359,824	1,004,490
21. General administrative expenses .....		808,650	922,972	2,873,851
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....				
23. Total underwriting deductions (Line 18 through Line 22) .....		10,733,744	8,414,484	39,338,721
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	X X X	(87,011)	(179,117)	9,060
25. Net investment income earned .....		99,328	90,223	519,508
26. Net realized capital gains (losses) less capital gains tax of \$ .....		(13)	15,407	15,346
27. Net investment gains (losses) (Line 25 plus Line 26) .....		99,315	105,630	534,854
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )]. .....				
29. Aggregate write-ins for other income or expenses .....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes ..... (Line 24 plus Line 27 plus Line 28 plus Line 29) .....	X X X	12,304	(73,487)	543,914
31. Federal and foreign income taxes incurred .....	X X X			
32. Net income (loss) (Line 30 minus Line 31) .....	X X X	12,304	(73,487)	543,914
<b>DETAILS OF WRITE-INS</b>				
0601. QAAP TAX .....	X X X	(665,587)	(2,467,641)	(2,629,146)
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	X X X	(665,587)	(2,467,641)	(2,629,146)
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....	X X X			
1401. OTHER MEDICAL .....		72,936	79,526	372,740
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		72,936	79,526	372,740
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....				

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
33. Capital and surplus prior reporting year .....	6,646,306	6,104,421	6,104,421
34. Net income (loss) from Line 32 .....	12,303	(73,488)	543,914
35. Change in valuation basis of aggregate policy and claims reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	239,629	22,805	12,147
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	(148,354)	(58,883)	(14,176)
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Tranferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....			
48. Net change in capital and surplus (Line 34 to Line 47) .....	103,578	(109,566)	541,885
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	6,749,884	5,994,855	6,646,306
DETAILS OF WRITE-INS			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....			

CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	11,342,938	42,057,865
2. Net investment income	109,368	520,668
3. Miscellaneous income	(512,795)	(2,629,146)
4. Total (Line 1 through Line 3)	10,939,511	39,949,387
5. Benefit and loss related payments	10,020,876	35,425,390
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,012,289	3,327,447
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line9)	11,033,165	38,752,837
11. Net cash from operations (Line 4 minus Line 10)	(93,654)	1,196,550
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks	790	3,208
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	239,629	
12.7 Miscellaneous proceeds	44,502	15,442
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	284,921	18,650
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks	49,160	253,897
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	49,160	253,897
14. Net increase or (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	235,761	(235,247)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	261,755	(559,020)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	261,755	(559,020)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	403,862	402,283
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	8,769,606	8,367,323
19.2 End of period (Line 18 plus Line 19.1)	9,173,468	8,769,606

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital and Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....	16,238								16,238	
2. First Quarter .....	16,429								16,429	
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	49,357								49,357	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	27,886								27,886	
8. Non-Physician .....	13,735								13,735	
9. Total .....	41,621								41,621	
10. Hospital Patient Days Incurred .....	1,830								1,830	
11. Number of Inpatient Admissions .....	561								561	
12. Health Premiums Written (a) .....	11,370,866								11,370,866	
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	11,370,866								11,370,866	
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	10,101,644								10,101,644	
18. Amount Incurred for Provision of Health Care Services .....	9,642,448								9,642,448	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0399999 - Aggregate accounts not individually listed-covered .....	2,081,208	959,321	451,087	258,866	1,292,307	5,042,789
0499999 - Subtotals .....	2,081,208	959,321	451,087	258,866	1,292,307	5,042,789
0899999 - Accrued medical incentive pool and bonus amounts .....						246,527



UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 plus 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....						
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....	2,994,545	7,107,099	1,531,462	3,511,327	4,526,007	5,003,788
8. Other health .....						
9. Health subtotal (Line 1 to Line 8) .....	2,994,545	7,107,099	1,531,462	3,511,327	4,526,007	5,003,788
10. Healthcare recievables (a) .....	45,575	483,686			45,575	14,176
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....			124,552	121,974	124,552	229,638
13. Totals .....	2,948,970	6,623,413	1,656,014	3,633,301	4,604,984	5,219,250

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No significant change.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No significant change.

3. BUSINESS COMBINATIONS AND GOODWILL

No significant change.

4. DISCONTINUED OPERATIONS

No significant change.

5. INVESTMENTS

No significant change.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No significant change.

7. INVESTMENT INCOME

No significant change.

8. DERIVATIVE INSTRUMENTS

No significant change.

9. INCOME TAXES

No significant change.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

No significant change.

11. DEBT

No significant change.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

No significant change.

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

No significant change.

14. CONTINGENCIES

## NOTES TO FINANCIAL STATEMENTS

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No significant change.

### 15. LEASES

No significant change.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

No significant change.

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

No significant change.

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

No significant change.

### 19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

No significant change.

### 20. OTHER ITEMS

No significant change.

### 21. EVENTS SUBSEQUENT

No significant change.

### 22. REINSURANCE

No significant change.

### 23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

No significant change.

### 24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

No significant change.

### 25. INTERCOMPANY POOLING ARRANGEMENTS

No significant change.

### 26. STRUCTURED SETTLEMENTS

No significant change.

**NOTES TO FINANCIAL STATEMENTS**

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27. HEALTH CARE RECEIVABLES

No significant change.

28. PARTICIPATING POLICIES

No significant change.

29. PREMIUM DEFICIENCY RESERVES

No significant change.

30. ANTICIPATED SALVAGE AND SUBROGATION

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 2.2

If yes, date of change:

.....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 4.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No (X) N/A ( )
- If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/28/2007
- 6.4

By what department or departments?

MICHIGAN OFFICE OF FINANCIAL AND INSURANCE REGULATION [OFIR]  
.....
- 6.5

Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (X) No ( ) N/A ( )
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No ( ) N/A ( )
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 7.2

If yes, give full information

.....  
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

.....  
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted . )

- 9.1

Are the senior officers ( principal executive officer , principal financial officer , principal accounting officer or controller , or persons performing similar functions ) of the reporting entity subject to a code of ethics , which includes the following standards?  
(a) Honest and ethical conduct , including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full , fair , accurate , timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws , rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code .

Yes (X) No ( )
- 9.11

If the response to 9.1 is No , please explain:  
  
.....  
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ( ) No (X)
- 9.21

If the response to 9.2 is Yes , provide information related to amendment (s) .  
  
.....  
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ( ) No (X)
- 9.31

If the response to 9.3 is Yes , provide the nature of any waiver (s) .  
  
.....  
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent , subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ( )
- 10.2

If yes , indicate the amounts receivable from parent included in the Page 2 amount:

\$ ..... 127,393

INVESTMENT

- 11.1

Were any of the stocks , bonds , or other assets of the reporting entity loaned , placed under option agreement , or otherwise made available for use by another person? (Exclude securities under securities lending agreements . )

Yes ( ) No (X)
- 11.2

If yes , give full and complete information relating thereto:  
  
.....  
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
13.

Amount of real estate and mortgages held in short-term investments:

\$ .....
- 14.1

Does the reporting entity have any investments in parent , subsidiaries and affiliates?

Yes ( ) No (X)
- 14.2

If yes , please complete the following:
- |  | 1<br>Prior Year-End Book/<br>Adjusted Carrying Value | 2<br>Current Quarter Book/<br>Adjusted Carrying Value |
|--|--|---|
| 14.21 Bonds .....  | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....  | \$ .....   | \$ .....  |
| 14.23 Common Stock .....   | \$ .....   | \$ .....  |
| 14.24 Short-Term Investments .....   | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....  | \$ .....   | \$ .....  |
| 14.26 All Other .....  | \$ .....   | \$ .....  |
| 14.27 Total Investment in Parent , Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) ..... | \$ .....   | \$ .....  |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....                        | \$ .....   | \$ .....  |
- 15.1

Has the reporting entity entered into any hedging transactions reported on schedule DB?

Yes ( ) No (X)
- 15.2

If yes , has a comprehensive description of the hedging program been made available to the domiciliary state?  
  
If no , attach a description with this statement.

Yes ( ) No ( )

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted . )

16. Excluding items in Schedule E , real estate , mortgage loans and investments held physically in the reporting entity's offices , vaults or safety deposit boxes , were all stocks , bonds and other securities , owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3 , III Conducting Examinations , G-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook , complete the following:

<div>1</div> <div>Name of Custodian (s)</div>	<div>2</div> <div>Custodian Address</div>
MELLON BANK .....	ONE MELLON CENTER, PITTSBURGH PA 15258-0001 .....
.....	.....
.....	.....
.....	.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook , provide the name , location and a complete explanation:

<div>1</div> <div>Name (s)</div>	<div>2</div> <div>Location(s)</div>	<div>3</div> <div>Complete Explanation(s)</div>
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

16.3 Have there been any changes , including name changes , in the custodian(s) identified in 16.1 during the current quarter? Yes ( ) No (X)

16.4 If yes , give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

16.5 Identify all investment advisors , brokers /dealers or individuals acting on behalf of brokers /dealers that have access to the investment accounts , handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository</div>	<div>2</div> <div>Name (s)</div>	<div>3</div> <div>Address</div>
N/A .....	WESTERN ASSET MGT CO .....	117 E COLORADO BLVD , PASADENA, CA 91105 .....
.....	.....	.....
.....	.....	.....
.....	.....	.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

17.2 If no , list exceptions:

.....

.....

GENERAL INTERROGATORIES - Line 4.2 (Continued)

<sup>1</sup> Name of Entity	<sup>2</sup> NAIC Company Code	<sup>3</sup> State of Domicile
--------------------------------	-----------------------------------	-----------------------------------

4.2 - Entities that have ceased to exist as a result of the merger or consolidation . . . . .

GENERAL INTERROGATORIES - Line 8.4 (Continued)

<sup>1</sup> Affiliate Name	<sup>2</sup> Location (City, State)	<sup>3</sup> FRB	<sup>4</sup> OCC	<sup>5</sup> OTS	<sup>6</sup> FDIC	<sup>7</sup> SEC
--------------------------------	--	---------------------	---------------------	---------------------	----------------------	---------------------

8.4 - Names and location of any affiliates regulated by a federal regulatory services agency. . . . .

GENERAL INTERROGATORIES - Line 16.1 (continued)

<sup>1</sup> Name of Custodian(s)	<sup>2</sup> Custodian Address
--------------------------------------	-----------------------------------

Agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook  
MELLON BANK . . . . . ONE MELLON CENTER PITTSBURGH, PA 15258-0001 . . . . .  
16.1 - Agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook . . . . .

GENERAL INTERROGATORIES - Line 16.2 (continued)

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> Complete Explanation(s)
-------------------------	-----------------------------	---

16.2 - Agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook . . . . .

GENERAL INTERROGATORIES - Line 16.4 (continued)

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> Reason
-------------------------------	-------------------------------	--------------------------------	------------------------

16.4 - Changes, including name changes, in the custodian(s) identified in 16.1 during current quarter . . . . .

GENERAL INTERROGATORIES - Line 16.5 (continued)

<sup>1</sup> Central Registration Depository	<sup>2</sup> Name(s)	<sup>3</sup> Address
--	-------------------------	-------------------------

Investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments  
N/A . . . . . WESTERN ASSET MGT COMPANY . . . . . 117 EAST COLORADO BLVD, PASADEN, CA 91105 . . . . .  
16.5 - Investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make  
investments . . . . .



SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4  Name of Reinsurer	5  Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
0199998 - Life and Annuity - Affiliates .....						
0299998 - Life and Annuity - Non-Affiliates .....						
0399998 - Accident and Health - Affiliates .....						
Accident and Health - Non-Affiliates						
39845 .....	48-0921045 .....	01/01/2008 .....	WESTPORT INSURANCE CORPORATION .....	OVERLAND PARK, KS 66201 .....	SSL/A/G .....	Yes .....
0499998 - Accident and Health - Non-Affiliates .....						
0599998 - Property/Casualty - Affiliates .....						
0699998 - Property/Casualty - Non-Affiliates .....						

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only Year to Date							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1.	Alabama	AL N								
2.	Alaska	AK N								
3.	Arizona	AZ N								
4.	Arkansas	AR N								
5.	California	CA N								
6.	Colorado	CO N								
7.	Connecticut	CT N								
8.	Delaware	DE N								
9.	District of Columbia	DC N								
10.	Florida	FL N								
11.	Georgia	GA N								
12.	Hawaii	HI N								
13.	Idaho	ID N								
14.	Illinois	IL N								
15.	Indiana	IN N								
16.	Iowa	IA N								
17.	Kansas	KS N								
18.	Kentucky	KY N								
19.	Louisiana	LA N								
20.	Maine	ME N								
21.	Maryland	MD N								
22.	Massachusetts	MA N								
23.	Michigan	MI L			11,370,866				11,370,866	
24.	Minnesota	MN N								
25.	Mississippi	MS N								
26.	Missouri	MO N								
27.	Montana	MT N								
28.	Nebraska	NE N								
29.	Nevada	NV N								
30.	New Hampshire	NH N								
31.	New Jersey	NJ N								
32.	New Mexico	NM N								
33.	New York	NY N								
34.	North Carolina	NC N								
35.	North Dakota	ND N								
36.	Ohio	OH N								
37.	Oklahoma	OK N								
38.	Oregon	OR N								
39.	Pennsylvania	PA N								
40.	Rhode Island	RI N								
41.	South Carolina	SC N								
42.	South Dakota	SD N								
43.	Tennessee	TN N								
44.	Texas	TX N								
45.	Utah	UT N								
46.	Vermont	VT N								
47.	Virginia	VA N								
48.	Washington	WA N								
49.	West Virginia	WV N								
50.	Wisconsin	WI N								
51.	Wyoming	WY N								
52.	American Samoa	AS N								
53.	Guam	GU N								
54.	Puerto Rico	PR N								
55.	U.S. Virgin Islands	VI N								
56.	Northern Mariana Islands	MP N								
57.	Canada	CN N								
58.	Aggregate Other Alien	OT X X X								
59.	Subtotal	X X X			11,370,866				11,370,866	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a) 1			11,370,866				11,370,866	
DETAILS OF WRITE-INS										
5801.										
5802.										
5803.										
5898.	Summary of remaining write-ins for Line 58 from overflow page									
5899.	Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)									

(a) Insert the number of "L" responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

SPARROW HEALTH SYSTEM CORPORATE ORGANIZATION CHART

1	2	3	4	5	6
NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	FEI Number	Name of Company
1 3408	SPARROW HEALTH SYSTEM		MI		SPARROW WOMEN'S HOSPITAL ASSOCIATION
2 3408	SPARROW HEALTH SYSTEM		MI	381360584	E.W. SPARROW HOSPITAL ASSOCIATION
3 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		MID-MICHIGAN MRI, INC
4 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		SPARROW PHYSICIANS HEALTH NETWORK
5 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		GRADUATE MEDICAL EDUCATION, INC
6 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		PREMIER
7 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		CAYMICH INSURANCE CO, LTD
8 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		FINCOR HOLDINGS, INC
9 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		NORTH GRAND RIVER COOPERATIVE
10 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		LANSING MEDICAL DENTAL BUILDING
11 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		MEDICAL CENTER WEST CONDO ASSOCIATION
12 3408	E.W. SPARROW HOSPITAL ASSOCIATION		MI		IONIA COUNTY MEMORIAL HOSPITAL
13 3408	SPARROW HEALTH SYSTEM		MI	381358172	CLINTON MEMORIAL HOSPITAL
14 3408	SPARROW HEALTH SYSTEM		MI	386100687	SPARROW FOUNDATION
15 3408	SPARROW HEALTH SYSTEM	95849	MI	382356288	PHYSICIAN HEALTH PLAN OF MID-MICHIGAN
16 3408	PHYSICIANS HEALTH PLAN OF MID-MICHIGAN		MI	383361367	PHYSICIAN HEALTH PLAN SHARED SVCS ORG
17 3408	PHYSICIANS HEALTH PLAN OF MID-MICHIGAN		MI	382594856	PHPMM TPA
18 3408	PHYSICIANS HEALTH PLAN OF MID-MICHIGAN	11537	MI	364497604	PHPMM FAMILYCARE
19 3408	PHYSICIANS HEALTH PLAN OF MID-MICHIGAN	12916	MI	205565219	PHPMM INSURANCE COMPANY
20 3408	SPARROW HEALTH SYSTEM		MI	382543305	SPARROW HOME CARE
21 3408	SPARROW HEALTH SYSTEM		MI	382594856	PHYSICIANS HEALTH NETWORK
22 3408	SPARROW HEALTH SYSTEM		MI	382595963	SPARROW DEVELOPMENT, INC
23 3408	SPARROW DEVELOPMENT, INC		MI		PHARMACY PLUS
24 3408	SPARROW DEVELOPMENT, INC		MI		ST LAWRENCE OR MGT CO, LLC
25 3408	SPARROW DEVELOPMENT, INC		MI		MICHIGAN ATHLETIC CLUB
26 3408	SPARROW DEVELOPMENT, INC		MI		SPARROW PRACTICE MGT COMPANY
27 3408	SPARROW DEVELOPMENT, INC		MI		SPARROW REGIONAL MEDICAL SUPPLY
28 3408	SPARROW HEALTH SYSTEM		MI		CARSON CITY HOSPITAL
29 3408	SPARROW HEALTH SYSTEM		MI		SPARROW SPECIALTY HOSPITAL

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATIONS and provide an explanation following the interrogatory questions .

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	YES

EXPLANATIONS:

.....

BAR CODE:

Document Identifier 365:

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 plus Line 8 minus Line 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	4,159,532	3,896,792
2. Cost of bonds and stocks acquired	49,160	253,897
3. Accrual of discount		
4. Unrealized valuation increase (decrease)	(44,502)	
5. Total gain (loss) on disposals	(13)	12,051
6. Deduct consideration for bonds and stocks disposed of	790	3,208
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	4,163,387	4,159,532
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	4,163,387	4,159,532

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a) .....	9,770,864	525	8,629,620		1,141,769			9,770,864
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	9,770,864	525	8,629,620		1,141,769			9,770,864
PREFERRED STOCK								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock .....	9,770,864	525	8,629,620		1,141,769			9,770,864

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals .....	1,141,769	X X X	1,141,769	10,724	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	9,770,864	8,284,991
2. Cost of short-term investments acquired .....	525	53,711,119
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	8,629,620	52,225,246
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....	1,141,769	9,770,864
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	1,141,769	9,770,864

**Page SI04**

Schedule DB , Pt. F , Section 1 , Replicated (Synthetic) Assets Open  
**NONE**

**Page SI05**

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets  
**NONE**



SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of short-term investments acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation incre		
5. Total gain (loss) on dispo		
6. Deduct consideration rec		
7. Deduct amortization of pr		
8. Total foreign exchange cl		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

NONE

**Page E01**

Sch. A, Pt. 2, Real Estate Acquired  
**NONE**

Sch. A, Pt. 3, Real Estate Disposed  
**NONE**

**Page E02**

Schedule B, Part 2, Mortgage Loans Acquired  
**NONE**

Schedule B, Part 3, Mortgage Loans Disposed  
**NONE**

**Page E03**

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired  
**NONE**

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed  
**NONE**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous (Unaffiliated)									
957663-70-1	WESTERN ASSET INTERMEDIATE BOND PORTFOLI		03/31/2008	NON-BROKER TRADE,BO	4,717.000	49,160			L
6899999	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					49,160			
7299997	Subtotal - Common Stocks - Part 3					49,160			
7299999	Subtotal - Common Stocks					49,160			
7399999	Subtotal - Preferred and Common Stocks					49,160			
7499999	TOTALS					49,160			

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book / Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identifi- cation	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B. /A. C. V. (11+12-13)	Total Foreign Exchange Change in B. /A. C. V.	Book / Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Maturity Date	NAIC Designa- tion or Market Indi- cator (a)
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
957663-70-1	WESTERN ASSET INTERMEDIATE BOND PORTF. . . . .		02/29/2008	NON-BROKER TRADE BO . . . . .	75.000	790		803	784	19			19		803		(13)	(13)	1		L . . . . .
6899999	- Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated) . . . . .					790		803	784	19			19		803		(13)	(13)	1		
7299997	- Subtotal - Common Stocks - Part 4 . . . . .					790		803	784	19			19		803		(13)	(13)	1		
7299999	- Subtotal - Common Stocks . . . . .					790		803	784	19			19		803		(13)	(13)	1		
7399999	- Subtotal - Preferred and Common Stocks . . . . .					790		803	784	19			19		803		(13)	(13)	1		
7499999	- TOTALS . . . . .					790		803	784	19			19		803		(13)	(13)	1		

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues . . . . .

**Page E06**

Schedule DB , Part A , Section 1  
**NONE**

Schedule DB , Part B , Section 1  
**NONE**

**Page E07**

Schedule DB , Part C , Section 1  
**NONE**

Schedule DB , Part D , Section 1  
**NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
Name	Location and Supplemental Information					First Month	Second Month	Third Month	
Open Depositories									
CHASE MANHATTAN BANK .....	LANSING, MICHIGAN .....					(495,198)	(568,951)	(630,643)	
COMERICA BANK .....	LANSING, MICHIGAN .....					25,000	273,758	8,662,342	
0199999 - TOTAL - Open Depositories .....						(470,198)	(295,193)	8,031,699	
0399999 - TOTAL Cash on Deposit .....						(470,198)	(295,193)	8,031,699	
0599999 - TOTALS .....						(470,198)	(295,193)	8,031,699	

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Schedule E, Part 2, Cash Equivalents  
**NONE**



MEDICARE PART D COVERAGE SUPPLEMENT  
(Net of Reinsurance)

NAIC Group Code: 3408      NAIC Company Code: 11537

	1	2	3	4	5
	Individual Coverage		Group Coverage		Total Cash
	Insured	Uninsured	Insured	Uninsured	
1. Premiums Collected .....	<div>NONE</div>				XXX
2. Earned Premiums .....					XXX
3. Claims Paid .....					XXX
4. Claims Incurred .....					XXX
5. Reinsurance Coverage and Low Income (					
Claims Paid Net of Reimbursements App					
6. Aggregate Policy Reserves - Change ...					XXX
7. Expenses Paid .....					XXX
8. Expenses Incurred .....					XXX
9. Underwriting Gain or Loss .....					XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	
(a) Uninsured Receivable/Payable with CMS at End of Quarter:      \$ ..... due from CMS or      \$ ..... due to CMS					